Headquarters U.S. Air Force

Integrity - Service - Excellence

Service Contracts 101

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Overview

- Presentation Objective
- Contracting: An Evolving Competency
- What is a Service Contract?
- Who are the Key Players?
- The Procurement Life Cycle
- Service Contracts: Various Subjects
  - Preparing a Package
  - COTR Training
  - Pitfalls
- Contracts Contacts

Service Contracts 101: Presentation Objective

- **This presentation is meant to provide an overview of the service contract acquisition process**

- **It is not meant to present detailed instructions on assembling or managing any specific service contract**

Contracting: An Evolving Competency

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- **Service Contracts THEN:**
- **Low volume of complex contracts (HAMS, Linen, Medical Waste)**
  - **Managed by Facility Manager**
- **TRICARE resource sharing contracts managed through the local TRICARE COTR**
- **Medical Logistics Flight Commander (MLFC) was Functional Area Chief (FAC) for contracts in the MTF**
  - **Had little real experience managing contracts**

Contracting: An Evolving Competency

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Service Contracts NOW:

- Increased volume of complex contracts
  - Prime Vendor, HAMS, Linen, Medical Waste, Professional Services (Doctors, Radiologists, Pharmacy Technicians, Admin Clerks, etc), WRM IGM, FORMS, Equipment Repair, Minor Construction, Consultants
  - Contracts managed by Facility Manager, 4A0s, Dentists, 4N0s, Nurses, 4A1s, Pharmacists, 4A2s, etc.
  - Soon, resource sharing contracts will leave TRICARE
- Medical Logistics Flight Commander (MLFC) is still Functional Area Chief (FAC) for contracts in the MTF
  - Most have little real experience managing contracts
  - Contract management not stressed in tech school or CDCs

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What Is A Service Contract?

- **Service Contract - all local purchases of equipment maintenance, professional services, and all other medical support services**
  - **Includes continuous requirement (recurring purchases) as well as one time purchases.**
  - **Installation services purchased with new equipment is handled as a supply, not a service**

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What Is A Service Contract? (Cont.)

- **Two categories of service contracts**
  - **<u>Personal Service</u> (Rare!!)**
    - **Hired personnel works directly for the MTF (like civil service)**
    - **Example: Example: Doctor signs contract with local contracting officer directly; becomes employee of MTF (not a company who supplies providers)**
  - **<u>Nonpersonal Service</u>**
    - **Hired personnel works for an outside contractor**
    - **Services are contracted to a company, not individuals**
    - **Example: Housekeepers, TRICARE Resource Sharing Positions**

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Who Are The Key Players?

- **Customer –** Defines the Need
- **RMO –** Provides the Funding
- **Medical Logistics –** Facilitates a “Procurable Package” (Pulls it all together)
- **Contracting Officer –** Acts as Purchaser
- **Contracting Office –** Provides Training for Quality Assurance Purposes
- **Contracting Officer’s Technical Representative (COTR) –** Evaluates Quality of Service

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Procurement Life Cycle

SUPPLIES

- Need
- Research
- Money
- Suggested Source
- Submittal
- Purchase
- Delivery
- Inspection/Evaluation
- Payment

SERVICES

- Need
- Research
- Money
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Supplies and services follow the same basic process

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Procurement Life Cycle: Need

Identifying a Need

- **Supplies:**
  - **Based on mission requirement**
    - **Ensures items are on hand to accomplish the mission**
      - Drugs
      - Medical/Surgical
      - Furniture
      - Equipment
      - WRM
      - Non-Medical Supplies

- **Services:**
  - **Based on mission requirement**
    - **Ensures skills are on hand to accomplish the mission**
      - Task-oriented Skills (repair, maintenance, construction)
      - Cognitive Skills (consultation)
      - Professional Skills (credentialed providers)
      - Support Skills (supports credentialed providers)

Procurement Life Cycle: Need (Cont.)

Communicating a Need

- **Supplies:**
  - **Part number and item description**
    - Describes quantifiable elements of the item (technical specifications)
- **Services:**
  - **Statement of Work (SOW) or Performance Work Statement (PWS)**
    - Describes quantifiable elements of the service to be provided
    - Describes what elements will be used to assess quality
    - Describes relationships between staff and contractors
    - Produced by the requestor, NOT a vendor

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Procurement Life Cycle: Research

- **Supplies:**
  - **Research Multiple Sources**
  - **UDR, GSA, Catalogs, Vendor Quotes**
    - **Price per unit (EA, CS, BX)**
    - **Availability**
    - **Conformity to Specifications**
- **Services:**
  - **Research Multiple Sources**
  - **Vendor Quotes Only**
    - **Price per unit (Hours, Job/Task)**
    - **Availability**
    - **Conformity to Specifications**

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Procurement Life Cycle: Money

- **Supplies:**
  - **Paid for through MDD (Medical-Dental Division) of the AFWC Fund**
  - **Paid with AF Form 9 or DD Form 448 (MIPR) (with a “6B” fund cite)**
  - **Money needs to be obligated in MEDLOG/DMLSS before EOFY**
- **Services:**
  - **No option to use MDD (Medical-Dental Division) of the AFWC Fund**
  - **Paid with AF Form 9 or DD Form 448 (MIPR) (with a “2X” fund cite)**
  - **Work needs to begin before EOFY**

Procurement Life Cycle: Suggested Source

- **Supplies:**
  - **PV, ECAT, GPC, BPA**
  - **Comparison shop (many vendors have identical items)**
  - **Sole source/brand rarely an issue**
- **Services:**
  - **No PV, some ECAT, rarely GPC, many BPAs**
  - **Comparison shop (service quality is subjective, so few vendors are seen as identical to others)**
  - **Sole source/brand name hard to justify**

Procurement Life Cycle: Submittal

- **Supplies:**
  - **Requestor provides purchaser with**
    - Item description (LP form or DD Form 1348-6)
    - Quote from suggested source and/or market research
    - Funding document (load sheet from RMO, AF Form 9, of DD Form 448)
- **Services:**
  - **Requestor provides purchaser with**
    - Item description (SOW or PWS)
    - Quote from suggested source and/or market research
    - Funding document (AF Form 9 or DD Form 448)

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Procurement Life Cycle: Purchase

- **Supplies:**
  - **Purchaser buys the item with the best value based on supporting documents**
- **Services:**
  - **Purchaser buys the service with the best value based on supporting documents**

- **Federal Acquisition Regulation (FAR) guidelines must be followed to the letter** (Supplies & Services)
  - **This process can become complicated, but a contracting officer could ask you for…**

Procurement Life Cycle: Purchase (Cont.)

- **Some Contracts Could Require:**
  - **Justification for other than fair and open competition**
    - Most common; also known as “sole source justification” or “emergency letter”
    - This explains why the contract cannot be processed as directed in the FAR
  - **Technical Review Panel**
    - Experts gather to review competing vendor’s proposals
  - **Independent Government Cost Estimate**
    - To validate what vendors propose, the requestor may be asked to estimate the service’s cost independently

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Procurement Life Cycle: Purchase (Cont.)

- **Why does it take so long to award a contract?**
  - **Contracting Officer Workload**
    - **Worldwide shortage of federally-warranted contacting officers**
  - **Some contracts need be be advertised to vendors for a specified period of time**
    - **“FED BIZ OPS” Federal Business Opportunities Web Page**
  - **Contracting officers may need to request more information from vendors, requestors**
  - **Contracting officers haggle – Can take time to work a price down**
  - **Some contracts require legal review (especially high-dollar and real estate)**
  - **Market Capability – Will a Nuclear Radiologist really move to Laughlin AFB in two weeks?**

Procurement Life Cycle: Delivery

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- **Supplies:**
  - **Items are delivered to the dock by the FedEx guy**
- **Services:**
  - **Doctors and mechanics are not delivered to the dock by the FedEx guy☺**
  - **Delivery takes time**
    - Advertise/hire personnel
    - Draw blueprints
    - Order materials used to perform service
    - Prepare a work area for contracted personnel
  - **Start of service must be coordinated with someone at the MTF…**

But who???

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Procurement Life Cycle: Delivery (Cont.)

- Contracting Officer's Technical Representative (COTR)
  - Since a service often takes a year to deliver, someone has to monitor incremental service "deliveries".
  - The COTR monitors the promises of the contractor and compares them to actual delivery of services
  - "COTR" used to be called "Quality Assurance Evaluator (QAE)"
    - They are the same thing
- A COTR must be a person who is technically qualified to assess the quality of the contractor
  - A 4A2X0 cannot assess quality for a pharmacy technician
  - A Nurse cannot assess quality for a doctor

Procurement Life Cycle: Inspection/Evaluation

- **Supplies:**
  - **Warehouse personnel compare purchase order to actual item received**
- **Services:**
  - **COTR compares purchase order to actual service delivered**
    - Quantifiable indicators of quality are translated into a Quality Assurance Surveillance Plan (QASP)
      - A QASP is a checklist of deliverables as stated in the SOW or PWS
      - The COTR runs the checklist each month

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Procurement Life Cycle: Payment

- **Supplies:**
  - **Vendors are paid through DFAS once the receipt runs**
- **Services:**
  - **Every month:**
    - COTR receives invoice
    - COTR validates and signs invoice
    - COTR forwards invoice to contracting officer
    - Contracting officer submits invoice to DFAS for payment

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Service Contracts: Various Subjects

- **Various Subjects:**
  - **Preparing a package**
  - **COTR training**
  - **Pitfalls**

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How Do I Submit a Package?

- **A procurable package for any contracting office will always consist of:**
  - **Funded AF Form 9 or DD Form 448, as appropriate**
  - **Performance Work Statement (PWS), Statement of Work (SOW)**
  - **Quality Assurance Surveillance Plan (QASP) (or equivalent).**
  - **COTR appointment letter**
- **Any service contract package must answer the contracting officer's questions:**
  - **What do you want? (SOW)**
  - **How much does it cost/where should I look for it? (Market research/quotes)**
  - **When do you need it? (SOW)**
  - **How will you verify that you got what you wanted? (QASP)**
  - **Who will monitor quality (COTR designation/training certificate)**
- **For details, see AFI 63-124, Performance-Based Service Contracts and AFM 23-110, Volume V, 16.17**
  - **Or call AFMLO/FOP – DSN 343-4168**
  - **Or go to the AFMLO web site**

COTR Training

- **Assign a primary and alternate COTR**
  - **“QA duties take precedence over all other duties”**
  - **Quality Assurance duties should be assigned to civilians for continuity**

- **Training (2 Phases)**
  - **Phase 1 (General training):**
    - **AETC-designed class presented by Base Contracting**
    - **Federal Acquisition Institute Online “COR Mentor” Course**
  - **Phase 2 (Contract-specific):**
    - **Reviews the SOW**
    - **Discuss potential fraud, risk, abuse areas of the contract**
    - **How to properly certify invoices for the contract**

Pitfalls

- **Protect the government's rights**
  - **Don't waive contractual obligations**
  - **Don't accept work that does not meet SOW requirements**
- **The Bona Fide Need Rule Applies for Services, too**
  - **Service delivery must occur within the proper FY**
- **Don't make unauthorized commitments**
  - **When doing market research, ask for a "quote", not a "bid"**
  - **COTRs cannot authorize new work beyond the SOW**
  - **Never make a promise to a vendor**
- **When in doubt, call a professional**
  - **Local BCO**
  - **AFMLO/FOP**
  - **HFO**

AFMLO Contracts Contacts

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